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Attorneys for Paul Joe

IN THE UNITED STATES BANKRUPTCY COURT  
DISTRICT OF OREGON

In re:	)	Case No. 12-36345-elp11
	)	
Paul, Joe	)	DISCLOSURE STATEMENT
	)	CONCERNING DEBTOR'S PLAN OF
Debtor.	)	REORGANIZATION (Dated
	)	November 30, 2012)
	)	
	)	

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**THIS DISCLOSURE STATEMENT HAS NOT YET BEEN APPROVED BY THE COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. IF YOU HAVE REQUESTED AND RECEIVED A COPY OF THIS DISCLOSURE STATEMENT IN CONNECTION WITH THE COURT'S HEARING TO CONSIDER APPROVAL OF THE DISCLOSURE STATEMENT, NOTHING CONTAINED HEREIN IS OR SHALL BE DEEMED A SOLICITATION OF ACCEPTANCE OF THE PLAN OF REORGANIZATION.**

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1 Paul Joe, the Debtor and Debtor-in-Possession in the above-captioned  
2 Chapter 11 Case (the "Debtor"), has prepared this Disclosure Statement in connection  
3 with the solicitation of acceptances of the Debtor's Plan of Reorganization dated  
4 November 30, 2012 (the "Plan"). A copy of the Plan accompanies this Disclosure  
5 Statement.

6 I. INTRODUCTION AND STATEMENTS REGARDING REPRESENTATIONS.

7 A. Introduction.

8 On August 17, 2012 (the "Petition Date"), the Debtor commenced this Chapter 11  
9 reorganization case ("Case") by filing a voluntary petition under Chapter 11 of the  
10 United States Bankruptcy Code ("Bankruptcy Code"). Since the Petition Date the  
11 Debtor has remained a debtor-in-possession pursuant to Sections 1107 and 1108 of the  
12 Bankruptcy Code.

13 B. The Debtor's Real Property Interests.

14 The Debtor owns the real property and improvements located at 58209 Columbia  
15 River Hwy, St Helens, OR, known as Bing's Restaurant.

16 C. Definitions and Plan Supremacy.

17 All terms defined in the Plan will have the same meanings when used in this  
18 Disclosure Statement. Terms defined in this Disclosure Statement which are also  
19 defined in the Plan are solely for convenience and the Debtor does not intend to change  
20 the definitions of those terms from the Plan. Furthermore, in the event of any  
21 inconsistency between the Plan and this Disclosure Statement, the Plan will control.  
22 The Exhibit attached to this Disclosure Statement is incorporated into and is a part of  
23 this Disclosure Statement.

24 D. Summary of Key Features of the Plan.

25 The following is a brief summary of the key features of the Plan:

- 1 (i) The Debtor will restructure the promissory note held by his secured  
2 lender, Hampton Heights, L.L.C., and secured by the Real Property, as  
3 follows: the Reorganized Debtor will execute and deliver a new a  
4 promissory note in the original principal amount of \$1,203,583.31 (the  
5 "Reorganization Note") payable on the terms set forth below and secured  
6 by a lien and security interest in all real and personal property that  
7 secured the Note, with the same priority Hampton Heights, L.L.C.'s liens  
8 and security interests had as of the Petition Date. The Reorganization  
9 Note will accrue interest at the rate of 4.50% per annum and will be paid  
10 as follows: (1) 120 equal monthly installments of principal and interest  
11 based on a 30-year amortization schedule; and (2) a balloon payment of  
12 all remaining principal and interest at the end of 10 years; provided,  
13 however, that the Reorganized Debtor may prepay all or some portion of  
14 the Reorganization Note at any time without prepayment penalty.
- 15 (ii) All other holders of allowed claims will be paid in full, in cash, as follows:
- 16 ○ Holders of Allowed Non-Tax Priority Claims will receive  
17 payment from Reorganized Debtor of the full amount of their  
18 Allowed Claims on or as soon as reasonably practicable  
19 following the Effective Date, or, if later, the Allowance Date.
  - 20 ○ Holders of Allowed General Unsecured Claims will receive  
21 payment in full, in 60 equal monthly installments, plus interest  
22 at a rate of 3.50% per annum, with such payments to  
23 commence within 30 days following the Effective Date.
  - 24 ○ The Debtor does not believe there are any holders of Property  
25 Tax Secured Claims. To the extent there are, each creditor  
26 holding an Allowed Property Tax Secured Claim will receive

1 payment in full, in 24 equal monthly installments, plus interest  
2 at the applicable statutory rate, with such payments to  
3 commence within 30 days following the Effective Date.

4 ○ The holder of the City of St. Helens Secured Claim will receive  
5 no distribution under the Plan. The claim will continue to be  
6 secured by a lien in all real and personal property that secured the  
7 lien as of the Petition Date, with the same priority such liens had as  
8 of the Petition Date. This claim will be paid by Bing's  
9 Restaurant on terms agreed to between the City of St. Helens  
10 and Bing's Restaurant; however, the Debtor will remain liable  
11 for any amounts due to the holder of the City of St. Helens  
12 Secured Claim to the extent such payments are not made by  
13 Bing's Restaurant.

14 ○ The creditor holding the One Main Financial Secured Claim  
15 will retain its security interest in the 1994 Lexus ES300 and  
16 will receive payments consistent with the Debtor's contractual  
17 payment obligations in connection therewith.

18 ○ The holder the Payroll Tax Secured Claim will receive no  
19 distribution under the Plan. However, the Debtor will remain  
20 liable for any amounts due to the holder of the Payroll Tax  
21 Secured Claim to the extent such payments are not made by  
22 Bing's Restaurant.

23 E. Limited Representations.

24 This Disclosure Statement is submitted in accordance with Section 1125 of the  
25 Bankruptcy Code for the purpose of soliciting acceptances of the Plan from holders of  
26 certain Claims. The Court has approved this Disclosure Statement as containing

1 information of a kind, and in sufficient detail, which is adequate to enable you to make  
2 an informed judgment whether to vote to accept or reject the Plan.

3 THIS DISCLOSURE STATEMENT IS NOT THE PLAN. THIS  
4 DISCLOSURE STATEMENT, TOGETHER WITH THE PLAN WHICH  
5 ACCOMPANIES THIS DISCLOSURE STATEMENT, SHOULD BE READ  
6 COMPLETELY. FOR THE CONVENIENCE OF CREDITORS, THE PLAN  
7 IS SUMMARIZED IN THIS DISCLOSURE STATEMENT, BUT ALL  
8 SUMMARIES AND OTHER STATEMENTS REGARDING THE PLAN  
9 ARE QUALIFIED IN THEIR ENTIRETY BY THE PLAN ITSELF, WHICH  
10 IS CONTROLLING IN THE EVENT OF ANY INCONSISTENCY.

11 NO REPRESENTATIONS OR ASSURANCES CONCERNING THE  
12 DEBTOR, INCLUDING, WITHOUT LIMITATION, ITS OPERATIONS, THE  
13 VALUE OF ITS ASSETS, OR THE FUTURE OPERATIONS OF THE  
14 REORGANIZED DEBTOR ARE AUTHORIZED BY THE DEBTOR  
15 OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

16 THIS IS A SOLICITATION BY THE DEBTOR ONLY AND IT IS NOT A  
17 SOLICITATION BY THE DEBTOR'S ATTORNEYS OR ANY OTHER  
18 PROFESSIONALS EMPLOYED BY THE DEBTOR. THE  
19 REPRESENTATIONS MADE HEREIN ARE THOSE OF THE DEBTOR  
20 AND NOT OF THE DEBTOR'S ATTORNEYS OR ANY OTHER  
21 PROFESSIONAL.

22 UNLESS OTHERWISE EXPRESSLY STATED, PORTIONS OF THIS  
23 DISCLOSURE STATEMENT DESCRIBING THE DEBTOR'S FINANCIAL  
24 CONDITION HAVE NOT BEEN SUBJECTED TO AN INDEPENDENT  
25 AUDIT, BUT PREPARED FROM INFORMATION COMPILED BY THE  
26 DEBTOR FROM RECORDS MAINTAINED IN THE ORDINARY COURSE  
OF ITS OPERATIONS. REASONABLE EFFORTS HAVE BEEN MADE  
TO ACCURATELY PREPARE ALL FINANCIAL INFORMATION WHICH  
MAY BE CONTAINED IN THIS DISCLOSURE STATEMENT FROM THE  
INFORMATION AVAILABLE TO THE DEBTOR. HOWEVER, AS TO ALL  
SUCH FINANCIAL INFORMATION, THE DEBTOR IS UNABLE TO  
WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED  
HEREIN IS WITHOUT ERROR.

THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT  
BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE TO  
CREDITORS. CREDITORS SHOULD CONSULT THEIR OWN LEGAL  
COUNSEL OR TAX ADVISOR ON ANY QUESTIONS OR CONCERNS  
ABOUT TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON  
CREDITORS.

F. Voting.

Under the Bankruptcy Code, only creditors with Claims in "impaired" classes and with Claims that are Allowed, or have been Temporarily Allowed by the Bankruptcy Court pursuant to an order, are entitled to vote on the Plan. In general, a Claim is "allowed," as that term is used in the Bankruptcy Code, if (1) the Claim is listed in the Debtor's schedules of liabilities filed with the Bankruptcy Court as not disputed, contingent, or unliquidated, or (2) a proof of claim has been timely filed with the Court by the holder of the Claim, and the Debtor has not filed an objection to the Claim, or (3) the Bankruptcy Court has entered an order allowing the Claim. If a Claim is not Allowed, but the holder thereof wishes to vote on the Plan, the holder must timely file a motion with the Bankruptcy Court requesting that the Claim be Temporarily Allowed.

In order for a class of Claims to vote to accept the Plan, votes representing at least two-thirds in amount and more than one-half in number of the Claims voting in that class must be cast in favor of acceptance of the Plan. As more fully described below, the Debtor is seeking acceptances from holders of Allowed Claims in the following classes (reserving the right to supplement as to any other impaired class(es) of Claims, if any):

<u>Class</u>	<u>Description</u>	<u>Status</u>
Class 2	Hampton Heights, L.L.C.	Impaired – Entitled to Vote
Class 3	General Unsecured Claims	Impaired – Entitled to Vote
Class 4	Property Tax Secured Claims	Impaired – Entitled to Vote

The following classes of Claims are not impaired under the Plan:

<u>Class</u>	<u>Description</u>	<u>Status</u>
Class 1	Non-Tax Priority Claims	Unimpaired – Deemed to Accept



Class 5	City of St. Helens Secured Claims	Unimpaired – Deemed to Accept
Class 6	One Main Financial Secured Claim	Unimpaired – Deemed to Accept
Class 7	Payroll Tax Secured Claim	Unimpaired – Deemed to Accept

The specific treatment of each class under the Plan is set forth in the Plan and is summarized in Articles I.G and IV of this Disclosure Statement. Section 1129(b) of the Bankruptcy Code provides that, if the Plan is rejected by one or more impaired classes of Claims, the Plan nevertheless may be confirmed by the Court if: (1) the Court determines that the Plan does not discriminate unfairly and is fair and equitable with respect to the rejecting class(es) of Claims that are impaired under the Plan; and (2) at least one class of impaired Claims has voted to accept the Plan. These requirements are described in further detail in Section VII.C of this Disclosure Statement.

A VOTE FOR ACCEPTANCE OF THE PLAN BY THOSE HOLDERS OF CLAIMS WHO ARE ENTITLED TO VOTE IS IMPORTANT. THE DEBTOR RECOMMENDS THAT THE HOLDERS OF ALLOWED IMPAIRED CLAIMS VOTE IN FAVOR OF THE PLAN.

IN ORDER FOR A VOTE TO BE COUNTED, A BALLOT MUST BE PROPERLY FILLED OUT AND ACTUALLY RECEIVED ON OR BEFORE 5 P.M. PREVAILING PACIFIC TIME ON \_\_\_\_\_, 2012, BY THE DEBTOR'S ATTORNEYS AS SET FORTH IN THE BALLOT.

G. Plan Summary.

A table summarizing the classification and treatment of Claims under the Plan is set forth below.

<u>Class/Nature Of Claim</u>	<u>Treatment</u>	<u>Estimated Amount of Allowed Claims</u>	<u>Dates and Approximate Amount of Distributions</u>	<u>Estimated % Distribution</u>
Administrative Claims (Including Professional Fees and Expenses)	Unimpaired	\$50,000	To be paid in full either on or as soon as reasonably practicable following the Effective Date, or, if later, the Allowance Date; or upon such terms as may be agreed to in writing by the Administrative Claimant and the Debtor or Reorganized Debtor.	100%

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<u>Class/Nature Of Claim</u>	<u>Treatment</u>	<u>Estimated Amount of Allowed Claims</u>	<u>Dates and Approximate Amount of Distributions</u>	<u>Estimated % Distribution</u>
Priority Tax Claims	Unimpaired	\$0	To be paid in full, together with interest from and after the Effective Date at the rate determined pursuant to 11 USC § 511, in equal monthly installments of principal and interest, to commence within 30 days following the Effective Date, with the final payment to be made on or before the 5th anniversary of the first monthly installment payment.	100%
Class 1 Non-Tax Priority Claims	Unimpaired	\$735.00	To be paid in full either on or as soon as reasonably practicable following the Effective Date, or, if later, the Allowance Date.	100%
Class 2 Hampton Heights, L.L.C. Claim	Impaired	\$1,203,583.31	The Reorganized Debtor will, on the Effective Date, execute and deliver to Hampton Heights, L.L.C. a promissory note in the original principal amount of \$1,203,583.31 (the "Reorganization Note") payable on the terms set forth below and secured by a lien and security interest in all real and personal property that secured the Note, with the same priority Hampton Heights, L.L.C.'s liens and security interests had as of the Petition Date. The Reorganization Note will accrue interest at the rate of 4.50% per annum and will be paid as follows: (1) 120 equal monthly installments of principal and interest based on a 30-year amortization schedule; and (2) a balloon payment of all remaining principal and interest at the end of 10 years	100% of restructured Secured Claim in installments with balloon payment in 10 years
Class 3 General Unsecured Claims	Impaired	\$49,876.73	Holders of Allowed General Unsecured Claims will receive payment in full, plus interest at a rate of 3.50% per annum, in 60 equal monthly installments, with such payments to commence within 30 days following the Effective Date. The Reorganized Debtor will be free to prepay all or any portion of such Claims at any time.	100%
Class 4 Property Tax Secured Claims	Impaired	\$0	The Debtor does not believe there are any holders of Property Tax Secured Claims. To the extent there are, each creditor holding an Allowed Property Tax Secured Claim will receive payment in full, in 24 equal monthly installments, plus interest at the applicable statutory rate, with such payments to commence within 30 days following the Effective Date.	100%

Class/Nature Of Claim	Treatment	Estimated Amount of Allowed Claims	Dates and Approximate Amount of Distributions	Estimated % Distribution
Class 5 City of St. Helens Secured Claims	Unimpaired	\$146,149.57	The holder of the City of St. Helens Secured Claim will receive no distribution under the Plan. The claim will continue to be secured by a lien in all real and personal property that secured the lien as of the Petition Date, with the same priority such liens had as of the Petition Date. This claim will be paid by Bing's Restaurant on terms agreed to between the City of St. Helens and Bing's Restaurant; however, the Debtor will remain liable for any amounts due to the holder of the City of St. Helens Secured Claim to the extent such payments are not made by Bing's Restaurant.	0%
Class 6 One Main Financial Secured Claim	Unimpaired	\$6,313.36	The creditor will retain its security interest in the 1994 Lexus ES300 and will receive payments consistent with the Debtor's contractual payment obligations in connection therewith.	100%
Class 7 Payroll Tax Secured Claim	Unimpaired	\$10,000.00	The holder of the Payroll Tax Secured Claim will receive no distribution under the Plan. However, the Debtor will remain liable for any amounts due to the holder of the Payroll Tax Secured Claim to the extent such payments are not made by Bing's Restaurant.	0%

## II. FUNDING SOURCES FOR THE PLAN.

The Debtor is contractually entitled to a monthly payment of \$10,100 under the Lease. Beginning in January 2013, this payment will be raised to \$11,375 per month. These Lease payments will be used to fund the Reorganized Debtor's obligations under this Plan.

## III. FACTORS LEADING TO CHAPTER 11 FILING, AND DEBTOR'S ASSETS AND LIABILITIES.

### A. Factors Leading to Chapter 11 Filing.

The Debtor's principal asset is real property in St. Helens, Oregon (the "Real Property"), upon which a restaurant, Bing's Restaurant, is located. From time to time, the Debtor borrowed money against the Real Property, for

1 improvements and other reasons. In late 2007, Bing's Restaurant suffered  
2 damage in a fire. Although insurance covered a portion of the repair costs, the  
3 Debtor borrowed additional funds to pay for renovations.

4 In 2010, the Debtor took out a loan from Hampton Heights, L.L.C., to pay  
5 to renovate Bing's Restaurant and to take out the then-existing lender. In  
6 connection with that loan, the Debtor issued that certain promissory note dated  
7 June 17, 2010 to Hampton Heights, L.L.C. in the original principal amount of  
8 \$1,100,000. The Note required the Debtor to make payments of interest only, at  
9 the rate of 11% per annum (\$10,100 per month), beginning June 1, 2010. The  
10 entire balance became payable in full on December 1, 2011. The Debtor made  
11 all of his monthly payments through December 2011, but was unable to obtain a  
12 new loan or negotiate an extension with Hampton Heights, L.L.C. After Hampton  
13 Heights, L.L.C. commenced foreclosure proceedings against the Real Property,  
14 the Debtor was forced to file this Case.

15 IV. DESCRIPTION OF THE PLAN.

16 The following description of the Plan is for informational purposes only and does  
17 not contain all provisions of the Plan. Creditors should not rely on this description for  
18 voting purposes but should read the Plan in its entirety. This summary of the Plan does  
19 not purport to be complete. THE PLAN IS CONTROLLING IN THE EVENT OF ANY  
20 INCONSISTENCY BETWEEN THE CONTENTS OF THE PLAN AND THIS  
21 DISCLOSURE STATEMENT.

22 A. Classification And Treatment Of Claims Under The Plan.

23 1. Claim Amounts.

24 Until Allowed, certain Claims against the Debtor are in unliquidated amounts.  
25 Accordingly, the amounts of Claims specified in this Disclosure Statement reflect only  
26 the Debtor's estimates based on information available to him. Additionally, the amounts

1 of Claims specified in this Disclosure Statement do not include contingent or  
2 unliquidated Claims against the Debtor.

3 2. Effective Date of the Plan.

4 The Effective Date of the Plan determines when the performance of many of the  
5 obligations under the Plan is due. Unless an appeal is taken from the Confirmation  
6 Order, the Effective Date is expected to occur on the first day after the 14th day after  
7 entry of the Confirmation Order.

8 3. Classification Generally.

9 Under the Plan, all Claims against the Debtor, other than Administrative Claims  
10 and Priority Tax Claims, are divided into seven separate classes, which the Debtor  
11 believes complies with the requirements of the Bankruptcy Code. Unless otherwise  
12 expressly stated in the Plan, the respective treatments under the Plan of Allowed  
13 Claims are in full discharge and satisfaction of those Allowed Claims. Except as  
14 provided in the Plan, all Claims against the Debtor arising prior to the Confirmation Date  
15 will be discharged upon the Court's entry of a discharge order after completion of all  
16 payments under the Plan.

17 4. Treatment of Claims.

18 A table that briefly summarizes the classification and treatment of Claims under  
19 the Plan is set forth in Section I.G above. Reference is made to the Plan itself for the  
20 specific terms and provisions.

21 B. Executory Contracts and Unexpired Leases to be Assumed if not  
22 Rejected.

23 On the Effective Date, all executory contracts and unexpired leases of the Debtor  
24 that have not been rejected under this Plan or by order of the Bankruptcy Court, and are  
25 not the subject of a motion to reject pending on the Confirmation Date will be deemed  
26 assumed by the Debtor and Reorganized Debtor on the Effective Date. If any party to

1 an executory contract or unexpired lease that is being assumed objects to such  
2 assumption, the Bankruptcy Court may conduct a hearing on such objection on any  
3 date that is either mutually agreeable to the parties or fixed by the Bankruptcy Court. All  
4 payments to cure defaults that may be required under Section 365(b)(1) of the  
5 Bankruptcy Code will be made by the Reorganized Debtor. In the event of a dispute  
6 regarding the amount of any such payments, or the ability of the Debtor to provide  
7 adequate assurance of future performance, the Reorganized Debtor will make any  
8 payments required by Section 365(b)(1) of the Bankruptcy Code after the entry of the  
9 Final Order resolving such dispute.

10 1. Assumption of the Lease.

11 At closing, the Reorganized Debtor will assume all of the Debtor's right, title,  
12 interest and obligations under the Lease.

13 C. Objections to Claims.

14 Notwithstanding the occurrence of the Effective Date, and except as to any Claim  
15 that has been Allowed by Court order prior to the Effective Date, the Reorganized  
16 Debtor, any Claimant, or any other party in interest may object to the allowance of any  
17 Claim against the Debtor or seek estimation thereof on any grounds permitted by the  
18 Bankruptcy Code by filing the appropriate pleading in the Bankruptcy Court at any time  
19 prior to the first Business Day which is at least 60 days after the Effective Date. No  
20 payments or other distributions will be made to holders of Claims unless and until such  
21 Claims are Allowed Claims. If a Claim is not an Allowed Claim on the Effective Date, or  
22 when payment is otherwise due under the Plan, payment on the Allowed Claim (plus  
23 interest, if any, as provided in the Plan) will be made as soon as practicable following  
24 the Allowance Date.

1           D.     Administrative Claims Bar Date.

2           All requests for payment of Administrative Claims other than Current Obligations  
3 must be served and filed with the Bankruptcy Court no later than 30 days after the  
4 Effective Date. Any Administrative Claim that is not served and filed by such date will  
5 be forever barred. After approval of the final fee applications of the Chapter 11  
6 Professionals by the Bankruptcy Court for services provided and costs incurred during  
7 the course of administration of the Case, the Chapter 11 Professionals will not be  
8 required to submit any further fee applications to the Bankruptcy Court.

9           E.     Discharge.

10          Except as otherwise expressly provided in the Plan, in the Plan Documents, or in  
11 the Confirmation Order, once all payments have been completed under the Plan, the  
12 Reorganized Debtor will request that the Bankruptcy Court enter an order discharging  
13 the Debtor and Reorganized Debtor from all liability on any and all Claims and Debts,  
14 known or unknown, whether or not giving rise to a right to payment or an equitable  
15 remedy, that arose, directly or indirectly, from any action, inaction, event, conduct,  
16 circumstance, happening, occurrence, agreement, or obligation of the Debtor or his  
17 Representatives before the Confirmation Date, or that otherwise arose before the  
18 Confirmation Date, including, without limitation, all interest, if any, on any such Claims  
19 and Debts, whether such interest accrued before or after the date of commencement of  
20 this Case, and from any liability of the kind specified in Sections 502(g), 502(h), and  
21 502(i) of the Bankruptcy Code, whether or not a proof of claim is filed or is deemed filed  
22 under Section 501 of the Bankruptcy Code, such Claim is Allowed under this Plan, or  
23 the holder of such Claim has accepted this Plan.

24          F.     Vesting of Property.

25          Except as otherwise expressly provided in the Plan or in the Confirmation Order,  
26 on the Effective Date, the Reorganized Debtor will be vested with all of the property of

1 the Estate free and clear of all Claims, liens, encumbrances, charges and other interests  
2 of Creditors and Claimants. As of the Effective Date, the Reorganized Debtor may hold,  
3 use, dispose, and otherwise deal with such property and conduct his affairs, in each  
4 case, free of any restrictions imposed by the Bankruptcy Code or by the Bankruptcy  
5 Court, other than those restrictions expressly imposed by the Plan, the Confirmation  
6 Order, or the Plan Documents.

7 G. **Exculpation And Limitation Of Liability.**

8 ***None of the Released Parties<sup>1</sup> will have or incur any liability to, or be***  
9 ***subject to any right of action by, any holder of a Claim, any other party in***  
10 ***interest, or any of their respective agents, employees, representatives,***  
11 ***financial advisors, attorneys, or affiliates, or any of their successors or***  
12 ***assigns, for any act or omission in connection with, relating to, or arising***  
13 ***out of the Case, including the exercise of their respective business***  
14 ***judgment and the performance of their respective fiduciary obligations, the***  
15 ***pursuit of confirmation of the Plan, or the administration of the Plan, except***  
16 ***liability for their willful misconduct, negligence, or breach of fiduciary duty,***  
17 ***and in all respects, such parties will be entitled to reasonably rely upon the***  
18 ***advice of counsel with respect to their duties and responsibilities under the***  
19 ***Plan or in the context of the Case.***

20 H. **Reservation of Rights.**

21 Except as expressly provided in the Plan and this Disclosure Statement, the Plan  
22 will have no force or effect unless the Confirmation Order is entered by the Bankruptcy  
23 Court and the Effective Date has occurred. The filing of the Plan, any statement or  
24 provision contained in the Plan or in this Disclosure Statement, or the taking of any  
25

26 <sup>1</sup> “Released Parties” means the Debtor and Reorganized Debtor; and his managers, officers, directors, employees, representatives, and agents acting in such capacity.



1 action by the Debtor with respect to the Plan will not be, or be deemed to be, an  
2 admission or waiver of any rights of the Debtor.

3 V. FEDERAL TAX CONSEQUENCES.

4 THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF  
5 THE PLAN ARE COMPLEX AND, IN MANY AREAS, UNCERTAIN. ACCORDINGLY,  
6 ALL HOLDERS OF CLAIMS ARE STRONGLY URGED TO CONSULT THEIR TAX  
7 ADVISORS WITH SPECIFIC REFERENCE TO THE FEDERAL, STATE, AND LOCAL  
8 TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO SUCH HOLDER.  
9 NEITHER THE DEBTOR OR HIS COUNSEL MAKE ANY REPRESENTATIONS  
10 REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND  
11 CONSUMMATION OF THE PLAN AS TO THE DEBTOR OR ANY CREDITOR.

12 VI. ACCEPTANCE AND CONFIRMATION.

13 A. Voting Procedures.

14 1. Generally.

15 Only those Creditors whose Claims fall within one or more classes that are  
16 impaired under the Plan are eligible to vote to accept or reject the Plan. In that regard,  
17 the holders of Allowed or Temporarily Allowed Claims in Classes 2-4 are entitled to vote  
18 on the Plan. Classes 1 and 5-7 are not impaired under the Plan and are deemed to  
19 have accepted the Plan without voting. The Debtor reserves the right to supplement  
20 this Disclosure Statement (if necessary) and to solicit any Class which may prove to be  
21 impaired and entitled to vote.

22 Separate Ballots will be sent to the known holders of Claims whether or not such  
23 Claims are Disputed. However, only the holders of Allowed or Temporarily Allowed  
24 Claims in one or more impaired classes are entitled to vote on the Plan. A Claim to  
25 which an objection has been filed is not an Allowed Claim unless and until the  
26 Bankruptcy Court rules on the objection and enters an order allowing the Claim. The

1 holder of a Disputed Claim is not entitled to vote on the Plan unless the holder of such  
2 Claim requests that the Bankruptcy Court, pursuant to Bankruptcy Rule 3018,  
3 temporarily allow the Claim in an appropriate amount solely for the purpose of enabling  
4 the holder of such Disputed Claim to vote on the Plan, and the Bankruptcy Court does  
5 so.

6 2. Incomplete Ballots.

7 Ballots which are signed, dated, and timely received, but on which a vote to  
8 accept or reject the Plan has not been indicated, will not be counted as a vote to accept  
9 or to reject the Plan.

10 3. Withdrawal Of Ballots; Revocation.

11 The person or entity which has delivered a Ballot accepting or rejecting the Plan  
12 may withdraw such acceptance or rejection by delivering a written notice of withdrawal  
13 to the Debtor's attorneys, at any time prior to the voting deadline.

14 A notice of withdrawal, to be valid, must: (i) contain the description of the Claim  
15 or Claims to which it relates and the amount of such Claim or Claims; (ii) be signed by  
16 the voting person or entity in the same manner as the Ballot; and (iii) be received by the  
17 Debtor's attorneys, Sussman Shank LLP, in a timely manner at the address set forth  
18 below.

19 Unless otherwise directed by the Bankruptcy Court, a purported notice of  
20 withdrawal of Ballots or change in the vote which is not received in a timely manner will  
21 not be effective to withdraw or change a previously furnished Ballot.

22 4. Submission Of Ballots.

23 The form of Ballot for each of the Classes entitled to vote on the Plan will be sent  
24 to the parties entitled to vote along with a copy of the Court-approved Disclosure  
25 Statement and a copy of the Plan. Persons or entities receiving the Disclosure  
26

1 Statement and Plan should read the Disclosure Statement, Plan, and Ballot carefully.

2 Any questions concerning voting procedures should be addressed to:

3 Sussman Shank LLP  
4 Attn: Timothy A. Solomon  
5 1000 SW Broadway, Suite 1400  
6 Portland, OR 97205  
7 Phone: 503-227-1111  
8 Fax: 503-248-0130

9 Ballot(s) or withdrawals/revocations must be returned to the Debtor's attorneys at  
10 the above address. Ballots (and withdrawals/revocations) must be postmarked no later  
11 than \_\_\_\_\_, 2012. In addition, Ballots may be faxed to the Debtor's attorneys at  
12 503-248-0130. To be effective, transmission of the facsimile must begin no later than  
13 5:00 P.M. Prevailing Pacific Time on \_\_\_\_\_, 2012.

14 5. Confirmation Hearing and Plan Objection Deadline.

15 The Bankruptcy Court will hold a hearing on confirmation of the Plan  
16 commencing on \_\_\_\_\_, 201\_ at \_\_\_\_\_.m. in the Bankruptcy Courtroom No. 1, 1001  
17 SW 5th Ave #700, Portland, OR 97204. All objections, if any, to the confirmation of the  
18 Plan must be in writing; must state with specificity the grounds for any such objections;  
19 and must be filed with the Bankruptcy Court on or before \_\_\_\_\_, 201\_:

20 6. Feasibility.

21 The Bankruptcy Code requires, as a condition to confirmation, that the  
22 Bankruptcy Court find that liquidation of the Debtor or the need for future reorganization  
23 is not likely to follow after confirmation. For the purpose of determining whether the  
24 Plan meets this requirement, the Debtor has prepared financial projections attached  
25 hereto as Exhibit 1 showing that the Reorganized Debtor will have the resources and  
26 ability to pay those Claims that are due on confirmation of the Plan and all future  
obligations as they come due.

1           A.     Best Interests Of Creditors.

2           Under Section 1129(a)(7) of the Bankruptcy Code, the Plan must provide that  
3     Creditors receive at least as much under the Plan as they would receive in a Chapter 7  
4     liquidation of the Debtor. Under the Plan, all creditors are to be paid in full which is the  
5     most they could receive under Chapter 7. Therefore, the Plan satisfies the "best  
6     interest of creditors" test of Section 1129(a)(7) of the Bankruptcy Code.

7           B.     Confirmation Over Dissenting Class.

8           In the event that any impaired class of Claims does not accept the Plan, the  
9     Bankruptcy Court may nevertheless confirm the Plan at the request of the Proponent if  
10    all other requirements under Section 1129(a) of the Bankruptcy Code are satisfied, and  
11    if, as to each impaired class which has not accepted the Plan, the Bankruptcy Court  
12    determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with  
13    respect to such non-accepting class. Each of these requirements is discussed below.

14           1.     No Unfair Discrimination.

15           The Plan "does not discriminate unfairly" if: (a) the legal rights of a dissenting  
16    class are treated in a manner that is consistent with the treatment of other classes  
17    whose legal rights are similar to those of the dissenting class; and (b) no class receives  
18    payments in excess of that which it is legally entitled to receive for its claims. The  
19    Debtor believes the Plan does not discriminate unfairly as to any impaired class of  
20    Claims.

21           2.     Fair and Equitable Test.

22           The Bankruptcy Code establishes different "fair and equitable" tests for secured  
23    claims and unsecured claims, as follows:

24                   (a)    Secured Creditors. To satisfy the "fair and equitable"  
25    requirement as to a class of Secured Claims, the Plan must, at a minimum, provide that  
26    (i) each impaired Secured Creditor retains its liens on the property securing its Claim,

1 and receive on account of its Secured Claim deferred cash payments totaling the  
2 Allowed amount of its Secured Claim, of a value, as of the Effective Date of the Plan, of  
3 at least the value of the Creditor's interest in the Estate's interest in the property  
4 securing such Claim, (ii) each impaired secured creditor realizes the "indubitable  
5 equivalent" of its Allowed Secured Claim, or (iii) the property securing the Claim is sold  
6 free and clear of liens with such liens to attach to the proceeds, and the liens against  
7 such proceeds are treated in accordance with clause (i) or (ii) of this subparagraph (a).  
8 Secured Creditors are either (i) receiving Allowed Secured Claims equal to the value of  
9 the creditor's interest in the Estate's interest in the property securing their Claims, plus  
10 payments to commence following confirmation at a market interest rate to provide them  
11 with deferred cash payments equal to the Allowed amount of their Secured Claims as of  
12 the Effective Date of the Plan, or (ii) continuing to receive payments in the ordinary  
13 course consistent with the Debtor's contractual payment obligations, or (iii) continuing to  
14 receive payments in the ordinary course from third parties, with the Debtor remaining  
15 liable for such payments in the event they are not received from such third parties.

16 (b) Unsecured Creditors. To satisfy the "fair and equitable"  
17 requirement as to a class of unsecured Claims, the Plan must, at a minimum, provide  
18 that (i) each impaired unsecured creditor receives or retains under the Plan property of  
19 a value equal to the amount of its Allowed Claim, or (ii) the holders of Claims and  
20 interests that are junior to the Claims of the non-accepting class do not receive any  
21 property under the Plan on account of such Claims and interests, except the Debtor  
22 may retain property included in the Estate under Section 1115 of the Bankruptcy Code  
23 as long as the value of property to be distributed under the Plan is not less than the  
24 projected disposable income of the Debtor to be received within the 5-year period  
25 beginning on the date the first payment is due under the Plan, or during the period for  
26

1 which the Plan provides payments, whichever is longer. This is referred to as the  
2 "Absolute Priority Rule".

3 In this case, each impaired unsecured creditor will receive or retain under the  
4 Plan property of a value equal to the amount of its Allowed Claim. Thus, the Debtor  
5 believes the Plan complies with the fair and equitable requirement for Unsecured  
6 Creditors.

7 VII. ALTERNATIVES TO THE PLAN.

8 If the Plan is not confirmed, several different events could occur. Among the  
9 alternatives to the Plan are: (1) the Debtor could propose another plan providing for  
10 different treatment of Claims; (2) a creditor or other interested party could propose a  
11 competing plan; (3) the Debtor could convert the Case to Chapter 7; or (4) the  
12 Bankruptcy Court (after appropriate notice and hearing) could dismiss the Case if no  
13 party is able to confirm a plan in a reasonable period of time.

14 VIII. CONCLUSION.

15 Under the Plan, all creditors will be paid in full, and the Debtor will retain the Real  
16 Property. Other than Hampton Heights, L.L.C., all parties will be paid in full within 24  
17 months of the Effective Date. If the Plan is not confirmed, substantial uncertainty will  
18 result concerning the timing and amount of any payments. The Debtor therefore  
19 believes that all creditors should vote to accept the Plan as it provides the best option  
20 for creditors to prompt payment in full of their Claims.

21 Dated: November 30, 2012

22 {SIGNATURES TO FOLLOW}  
23  
24  
25  
26

1 DEBTOR:

2 /s/ *Paul Joe*

3 \_\_\_\_\_  
Paul Joe

4 SUSSMAN SHANK LLP

5 /s/ *Timothy A. Solomon*

6 \_\_\_\_\_  
7 By: Thomas W. Stilley, OSB No. 883167  
Timothy A. Solomon, OSB No. 072573  
8 Attorneys for Paul Joe

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## Feasibility analysis

	Month 1	Months 2-9	Months 9-38	Months 39-60	Months 61-120
<b>Income (from rent)</b>	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00
Estimated cash on hand on effective date (approximate)	\$ 40,000.00				
<b>Payments/expenses</b>					
Living expenses	\$ (2,000.00)	\$ (2,000.00)	\$ (2,000.00)	\$ (2,000.00)	\$ (2,000.00)
Administrative claims*	\$ (40,000.00)	\$ (1,250.00)	\$ -	\$ -	\$ -
Non-tax priority claims (CLASS 1)	\$ (735.00)	\$ -	\$ -	\$ -	\$ -
Restructured note payments (CLASS 2)**	\$ (6,098.38)	\$ (6,098.38)	\$ (6,098.38)	\$ (6,098.38)	\$ (6,098.38)
Payments to general unsecured creditors (CLASS 3)***	\$ (907.34)	\$ (907.34)	\$ (907.34)	\$ (907.34)	\$ -
Car payments (CLASS 6)	\$ (169.02)	\$ (169.02)	\$ (169.02)	\$ -	\$ -
<b>Amount remaining****</b>	\$ 1,465.26	\$ 950.26	\$ 2,200.26	\$ 2,369.28	\$ 3,276.62

### Notes:

\*Lump sum at effectiveness plus monthly payments thereafter

\*\*\$1,203,583.31, 30 years, plus 4.5% interest, 10 year balloon

\*\*\*\$49,876.73, 60 months, plus 3.5% interest

\*\*\*\*Remaining amount to be used for early payment of claims and/or income tax obligations



1 CERTIFICATE OF SERVICE

2 I, Janine E. Hume declare as follows:

3 I am employed in the county of Multnomah, state of Oregon; I am over the age of  
4 eighteen years and am not a party to this action; my business address is 1000 SW  
5 Broadway, Suite 1400, Portland, Oregon 97205-3089, in said county and state.

6 I certify that on November 30, 2012, I served the **DISCLOSURE STATEMENT**  
7 **CONCERNING DEBTOR'S PLAN OF REORGANIZATION (Dated November 30,**  
8 **2012)** on all ECF participants as indicated on the Court's Cm/ECF system.

9 I swear under penalty of perjury that the foregoing is true and correct to the best  
10 of my knowledge, information, and belief.

11 Dated: November 30, 2012.

12  
13 /s/ Janine E. Hume

14 \_\_\_\_\_  
Janine E. Hume, Legal Assistant